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'GST is fair, not a burden'

RIGHT DECISION: It will drive business and development, helping Malaysia to achieve developed nation status.

THE Goods and Services Tax (GST) is a fair system that distributes the burden of taxation among a larger section of the population based on consumption, said a Universiti Malaysia Sarawak (UMS) professor.

Prof Dr Shazali Abu Mansor of UMS' Faculty of Economic and Business said GST stated the type and quantum of taxes consumers would have to pay for goods or services.

The country depended too much on income tax from individuals and corporate bodies.

Out of its population of 28 people million, less than two million were paying income tax.

He said GST was more transparent as consumers knew what type of taxes they were paying and their quantum.

"The poor have no reason to worry. They will only pay a minimum as their purchases are mainly essential goods and services such as food, lodging, transport and education, which are likely to be zero-rated.

"Therefore, taxes are for those

who can afford to spend.

"This is because it is the well-to-do and the wealthy who will buy more, thus they will pay more for GST, not the lower income group."

Shazali said those who were doubtful should look at countries that had implemented GST. They needed to know GST could be adopted and implemented in Malaysia, too.

According to the Organisation for Economic Cooperation and Development (OECD), GST is imposed in more than 150 countries, including 33 of the 34 OECD member countries.

Sharing a similar view, political analyst Dr Mohd Azizuddin Mohd

Sani said with GST, the government would get more revenue to generate growth and fund development projects.

"For Malaysia to achieve a developed-nation status by 2020, the government needs to reform its taxation system in order to drive business and development.

"Tax reforms, such as introducing GST, may receive criticism at first, but economically, it is the right decision," said Azizuddin, who is also the dean of Universiti Utara Malaysia's School of International Studies.

However, he said the government must prevent the prices of goods from increasing to ensure that the middle- and low-income groups would not be burdened.

For Prof Dr Barjoyai Bardai of Universiti Tun Abdul Razak, he

said the implementation of GST was timely as Malaysia hoped to achieve developed-nation status by 2020.

"The GST is a comprehensive and efficient taxation system, which can generate good income to the nation while not burdening the people."

Barjoyai, who has a Doctor of Philosophy in taxation and a Master's degree in industrial management, said Malaysia would lag behind if it continued to utilise the existing taxation system.

Other countries in the same region, such as Indonesia, Singapore, Cambodia and Vietnam, had already implemented GST.

He said consumers must realise with GST, the prices of goods and services were lower compared with the existing system as double taxation would be avoided.

Federation of Malaysian Consumers Association (Fomca) communications director Mohd Yusof Abd Rahman said the government should carry out more programmes to educate the people, such as forums on GST in towns and the rural areas, to correct misperception and confusion about the system as there were claims that it would burden a section of the population.

In addition, Yusof suggested that the government produced a guidebook on prices, which would show the differences in the prices of goods and services before and after the implementation of GST. **Berna-**